

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2371 - SB 2464**

February 12, 2014

**SUMMARY OF BILL:** Removes the moratorium placed on municipal annexation and deletes language requiring the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to complete a comprehensive review of state policies established within Tenn. Code Ann. Title 6, Chapters 51 and 58. Establishes the “End of Forced Annexation in Tennessee Act”. Removes the ability of any municipality to annex territory upon its own initiative by ordinance.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Due to multiple unknown variables a precise fiscal impact to local government property tax revenue cannot be quantified.**

Assumptions:

- TACIR issued the required comprehensive report on January 14, 2014; therefore removal of language requiring the report will not impact the Commission.
- Pursuant to Tenn. Code Ann. § 6-51-104 and § 6-51-105, a municipality may annex property when petitioned by a majority of residents and property owners of the affected territory, upon its own initiative by ordinance, or by referendum. The provisions of the bill would remove a municipality’s ability to annex upon its own initiative by ordinance.
- According to the Municipal Technical Advisory Service, a majority of annexations are accomplished through passage of an ordinance.
- Due to multiple unknown variables, such as the number of municipalities who will be authorized by a petition or referendum to annex property, the number of municipalities that will desire to annex territory but will be unable to annex, the extent of any property annexed, the extent of any property unable to be annexed, the value of such properties, and the extent of subsequent development that would occur on any annexed property, the fiscal impact to local government revenue cannot be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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